

Federal Communications Commission

§ 32.103

(d) In order to qualify for prevailing price valuation in paragraphs (b) and (c) of this section, sales of a particular asset or service to third parties must encompass greater than 50 percent of the total quantity of such product or service sold by an entity. Carriers shall apply this 50 percent threshold on a asset-by-asset and service-by-service basis, rather than on a product line or service line basis. In the case of transactions for assets and services subject to section 272, a BOC may record such transactions at prevailing price regardless of whether the 50 percent threshold has been satisfied.

(e) Income taxes shall be allocated among the regulated activities of the carrier, its nonregulated divisions, and members of an affiliated group. Under circumstances in which income taxes are determined on a consolidated basis by the carrier and other members of the affiliated group, the income tax expense to be recorded by the carrier shall be the same as would result if determined for the carrier separately for all time periods, except that the tax effect of carry-back and carry-forward operating losses, investment tax credits, or other tax credits generated by operations of the carrier shall be recorded by the carrier during the period in which applied in settlement of the taxes otherwise attributable to any member, or combination of members, of the affiliated group.

(f) Companies that employ average schedules in lieu of actual costs are exempt from the provisions of this section. For other organizations, the principles set forth in this section shall apply equally to corporations, proprietorships, partnerships and other forms of business organizations.

[52 FR 6561, Mar. 4, 1987; 52 FR 39534, Oct. 22, 1987, as amended at 62 FR 2925, Jan. 21, 1997; 65 FR 16334, Mar. 28, 2000]

Subpart C—Instructions for Balance Sheet Accounts

§ 32.101 Structure of the balance sheet accounts.

The Balance Sheet accounts shall be maintained as follows:

Account 1120, Cash and Equivalents, through Account 1500, Other Jurisdictional

Assets—Net, shall include assets other than regulated-fixed assets.

Account 2001, Telecommunications Plant in Service, through Account 2007, Goodwill, shall include the regulated fixed assets.

Account 3100, Accumulated Depreciation through Account 3600, Accumulated Amortization—Other, shall include the asset and deferred tax reserves.

Account 4010, Accounts Payable, through Account 4550, Retained Earnings, shall include all liabilities and stockholders equity.

§ 32.102 Nonregulated investments.

Nonregulated investments shall include the investment in nonregulated activities that are conducted through the same legal entity as the telephone company operations, but do not involve the joint or common use of assets or resources in the provision of both regulated and nonregulated products and services. See §§ 32.14 and 32.23.

[52 FR 6561, Mar. 4, 1987]

§ 32.103 Balance sheet accounts for other than regulated-fixed assets to be maintained.

BALANCE SHEET ACCOUNTS

Account title	Class A account	Class B account
Current Assets		
Cash and equivalents:		
Cash and equivalents		1120
Cash	1130	
Special cash deposits	1140	
Working cash advances	1150	
Temporary investments	1160	
Receivables and allowances for doubtful accounts:		
Telecommunications accounts receivable	1180	1180
Accounts receivable allowance—telecommunications	1181	1181
Other accounts receivable	1190	1190
Accounts receivable allowance—other	1191	1191
Notes receivable	1200	1200
Notes receivable allowance	1201	1201
Interest and dividends receivable	1210	1210
Supplies:		
Material and supplies	1220	1220
Prepayments:		
Prepayments		1280
Prepaid rents	1290	
Prepaid taxes	1300	
Prepaid insurance	1310	
Prepaid directory expenses	1320	
Other prepayments	1330	
Other current assets:		
Other current assets	1350	1350
Noncurrent Assets		
Investments:		
Investment in affiliated companies ...	1401	1401
Investments in nonaffiliated companies	1402	1402